

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7058**

**BILL NUMBER: HB 1257**

**DATE PREPARED:** Jan 9, 2002

**BILL AMENDED:**

**SUBJECT:** Indianapolis administration.

**FISCAL ANALYST:** Chuck Mayfield

**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill allows the Indianapolis City-County Council to negotiate with property owners the amount of payments in lieu of taxes (PILOTS) charged to properties that are exempt from property taxation because the properties are used to provide housing for low income persons under the federal low income housing tax credit program. It provides that the PILOTS may not exceed the amount of property taxes that would have been imposed if the properties were not subject to an exemption. The bill authorizes the legislative body of a consolidated city to expand the territory of a police special service district by ordinance if it determines that reasonable and adequate police protection can be provided within the additional territory through mutual assistance and cooperation with other law enforcement agencies. It also reconciles conflicts within the low income housing program property tax exemption statute.

**Effective Date:** Upon passage; July 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The bill could reduce the revenue to the Housing Trust Fund in Marion county if the City-County Council and the property owner agree to a PILOT amount less than the amount of property taxes that would have been imposed by the city and county if the properties were not subject to an exemption. Under the current statute, the PILOT must equal the amount of property taxes that would have been paid to the city and county if the property was not exempt. The actual reduction is not known and would depend on the actions of the City-County Council and the property owners.

The other provision of the bill allows the Indianapolis City-County Council to expand the police special

service district if it determines that reasonable and adequate police protection can be provided within the additional territory through mutual assistance and cooperation with other law enforcement agencies. The 2000 pay 2001 assessed valuation of the current district is about \$2,971.5 M and the assessed valuation of the county is \$9,185.4 M. Taxpayers in the current police service district had a CY 2001 tax rate of about \$1.4175.

Under current law, a civil taxing unit may seek permission from the state's Local Government Tax Control Board to raise their maximum levy due to increased costs resulting from annexation, consolidation, or other extensions of services to additional geographic areas or persons. If the police service district is expanded under this proposal, the city would be allowed to seek additional levy authority if they so desire.

The fiscal impact would depend on the degree the district is expanded and additional cost or cost savings of providing police protection to expanded area.

*Examples of Possible Impact:* If the district were expanded county wide with no additional expenses then the new tax rate using the CY 2001 county assessed valuation and district levy would result in a county rate of \$.4586. The taxpayers currently in the district would experience drop in their rate of about \$.9586 and the taxpayers not in the district currently would experience a rate increase of about \$.4586.

The county sheriffs budget for FY 2001 was about \$56.8 M and the county General Fund budget was \$170.5 M. The sheriff's budget was about 33.3% of the General Fund budget. Assuming a proportionate share of the general fund levy, the levy for the sheriff's department would be about \$43 M with a tax rate of \$.4682. The combined levy for the police district and estimated sheriff department's levy would be \$85.1 M and the county wide tax rate would be \$.9267. In this example, if the levies were combined and applied countywide, the rate for taxpayers in the current district would decrease by \$.4908. The rate for taxpayers not currently in the district would increase by \$.9267. The bill does not combine the police and sheriff's department. The sheriff's budget is used only as an example of potential additional costs.

**State Agencies Affected:**

**Local Agencies Affected:** Marion County and Indianapolis Police Special Service District.

**Information Sources:** Local Government Database